

Message Text

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PAGE 01 STATE 117172
ORIGIN COME-00

INFO OCT-01 NEA-10 ISO-00 L-03 EB-07 /021 R

\$4AFTED BY COM/BIC/CAGNE:JBHEARN;NEA/RA:DTMORRISON:BAM

APPROVED BY NEA:SSOBER

COM/BIC/CAGNE:PBHALE (DRAFT)

NEA/RA:SEPALMERJR

NEA/ARP:JZIOLKOWSKI

/IFD/BP:WLOCKWOOD (SUB)

L/NEA:DSMALL (SUB)

NEA/ARN:ETUNIS (SUB)

-----210457Z 119262 /20

P R 210017Z MAY 77

FM SECSTATE WASHDC

TO AMEMBASSY KUWAIT PRIORITY

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

USINT BAGHDAD

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY SANA

AMEMBASSY TRIPOLI

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E.O. 11652:N/A

TAGS: BEXP, XF

SUBJECT: ARAB BOYCOTT: REPORTED KUWAIT REACTION TO STATE

ANTI-BOYCOTT LAW

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REFS: A. STATE 49124; B. KUWAIT 6312

1. COMMERCE CONTACTED MAY 6 BY OHIO INTERNATIONAL TRADE
COMMISSION RE BUDDING PROBLEM FOR OHIO FIRMS. KUWAIT AGENTS
OF TWO OHIO FIRMS REPORT THEY RECENTLY ADVISED BY GULF BANK
KUWAIT THAT IT WILL NO LONGER OPEN LETTERS OF CREDIT IN

FAVOR OF BENEFICIARIES IN STATE OF OHIO.

2. IF THIS REPORT CORRECT, ACTION BY GULF BANK MAY BE RESULT OF RECENT ACTIONS OF CERTAIN OHIO BANKS, AS REPORTED BY OHIO TRADE COMMISSION, OF REFUSING TO ADVISE TO BENEFICIARIES IN OHIO KUWAITI LETTERS OF CREDIT CONTAINING BOYCOTT CLAUSES, CITING AS REASON OHIO ANTI-BOYCOTT LAW. RELEVANT OPERATIVE PROVISION THIS LAW READS QUOTE NO BANK IN A TRANSACTION AS PRINCIPAL, FIDUCIARY, OR AGENT, SHALL REFUSE TO BUY FROM, SELL TO, OR TRADE WITH ANY PERSON BECAUSE SUCH PERSON APPEARS ON A BLACKLIST ISSUED BY, OR IS BEING BOYCOTTED BY, ANY FOREIGN CORPORATE OR GOVERNMENT ENTITY UNQUOTE.

3. EMBASSY KUWAIT REQUESTED DETERMINE WHETHER GULF BANK IS IN FACT REFUSING TO OPEN LETTERS OF CREDIT FOR OHIO BENEFICIARIES (OR THOSE OF ANY OTHER STATE HAVING ANTI-BOYCOTT LAW). IF DEALING WITH OHIO BANKS IN FACT PROHIBITED IS THIS ACTION BY BANKS RESULT OF GOVERNMENT OF KUWAIT REQUIREMENT OR SIMPLY BASED ON PAST REFUSALS BY OHIO BANKS TO PROCESS SUCH LETTERS OF CREDIT?

4. BASED ON OUR DISCUSSIONS HERE WITH KUWAIT EMBASSY OFFICIALS (REF A) AND BASED ON LITERAL READING OF KUWAIT PUBLIC POLICY (REF B), WE HAVE IMPRESSION THAT GOVERNMENT OF KUWAIT DOES NOT REQUIRE USE OF NEGATIVE CERTIFICATIONS BY KUWAITI BANKS. IF SUCH CERTIFICATIONS ARE CAUSING PROBLEMS NOW FOR OHIO BANKS AND SUPPLIERS, THEY WILL BE LIKELY TO BURDEN US-KUWAITI COMMERCE IN GENERAL ONCE NEW LIMITED OFFICIAL USE

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LEGISLATION TAKES EFFECT. ACCORDINGLY, EMBASSY MAY WISH TO TAKE OCCASION OF INQUIRY RE POSSIBLE OHIO PROBLEM TO ENCOURAGE CHANGES IN LANGUAGE OF LETTERS OF CREDIT, AS APPROPRIATE, SO AS TO FACILITATE LATER ADJUSTMENT TO NEW U.S. LEGISLATION.

5. DEPT ALSO WOULD APPRECIATE RECEIVING ANY ADDITIONAL INFO WHICH INFO POSTS MAY HAVE AVAILABLE ON OTHER REFUSALS BY ARAB BANKS OR BUYERS TO DEAL WITH BANKS OR BUSINESSMEN OF ANY OF THE STATES WHICH HAVE PASSED ANTI-BOYCOTT LEGISLATION. CHRISTOPHER

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Control Number: n/a
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Sent Date: 21-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Format: TEL
From: STATE
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770532/aaaabbbdd.tel
Line Count: 108
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Reference: 77 STATE 49124, 77 KUWAIT 6312
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Review Content Flags:
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